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CERTAIN TENDENCIES IN POLITICAL ECONOMY.

THE difficulty of doing for political economy now what John Stuart Mill did some decades ago apparently restrains later economists from undertaking the task. Some of these difficulties arise from the persistence of unsettled problems, which have not greatly decreased under recent investigations. As long as economists relied on deductive reasoning for their conclusions, there were few problems which appeared to be unsettled. But when it was demanded that all conclusions in the realm of economics should be in harmony with reality, the worth of many *a priori* conclusions suffered serious depreciation. The enlarged use of induction has brought to light problems that had not risen above the horizon of the earlier economists or had been studiously ignored. This has introduced a degree of uncertainty concerning many points; but the substitution of uncertainty for certainty has been a sign and condition of progress. It has led to a reconsideration of many important phases of economic doctrine, and has thus prepared the way for a truer and more complete statement of the laws of economic phenomena.

In the general review of economic problems instituted by the introduction of a new method and a more detailed investigation of facts, a conspicuous and important effort has been made to define more clearly the group of social phenomena which are treated under the science of economics. This undertaking has been greatly facilitated by the adoption of a process of elimination, which has been carried out through the formal development of the science of politics. In so far as the new science has been seen to embrace a certain class of social facts, it has by so much subdivided a wide field, all of which might possibly be

assigned to economics, and has sometimes been assigned to economics. By conceiving of political science as dealing with facts involving the organization and the instrumentalities which have come into existence for the purpose of holding and exercising public power, we segregate a vast and homogeneous class of phenomena from the whole body of social facts, and by this help to make more distinct the line which separates the political from the economic field. In making clear the scope of political science and gathering into one group the phenomena which belong to it, we remove from economics certain classes of facts which early writers (as, for example, Adam Smith) included. Our contemporaries do not excel Adam Smith in all things, but they have a more correct idea than he had of the proper scope of economic science. All this concerns the first step in the formation of a science, the process of classification, and reveals a tendency to make clear and establish the proper limitations of the class of facts with which the economist has to do in his strictly scientific work. It involves a tendency which is still active, and which appears to be leading on to a more and more accurate definition of the provinces which belong to the several social sciences. In so far as this tendency concerns economics, it is emphasizing and making clearer the thought that the appropriate matter of the science includes commercial and industrial relations, in whatever grade of civilization found. It embraces only these relations, but it takes note of them in whatever grade of social growth they may exist.

In this view there is no period of human society antecedent to that which, in some of its phases, falls under the scrutiny of the economist; for we are not able to conceive of a state of society prior to the rise of the industrial and commercial relations. The same may be affirmed of the place of political science in society. With the dawn of social life appears the need of an agency for holding and exercising the power that is generated and wielded in

behalf of the community. Whether this community is a limited and wandering tribe, a petty primitive democracy or some other form of an early political body, or a powerful complex modern state, the result is the same: the phenomena associated with the holding and the exercise of power are brought within the view of the science of politics. The necessity of including in the conclusions of economics or politics the whole range of economical or political relations, from the beginning of society to the present, indicates the extent to which these sciences must rely on the contributions of history. History presents indispensable material from early phases of social life, and indispensable explanation of other material gathered from purely contemporary sources.

But history is not economics, even though the history in question be economic history; for the historian brings us facts the scientific significance of which he does not fully comprehend, and the scientific significance of which no one can comprehend till they have been collated with other facts. The pretensions of certain students of economic history, that they represent the present tendency in economics and that their work stands for all there is of modern economics, is about as reasonable as the pretension of the teamster who hauls the lumber, that he builds the house. It may be true that the house rises as his work is accomplished, but his efforts are not a sufficient cause of the building. Even granting that it is impossible for the science of economics to attain the expected perfection of form without the efforts of the investigator of economic history, yet the products of these investigations in themselves do not constitute a science of which rational intelligence will permanently approve. Inquiries into economic history stand as one of the valuable practical results of the labors of the so-called historical school of economists. Another result is the emphasis which we now lay on the necessity of grasping into one view the

economic facts from all stages of social life. The historical school has not set aside the need for thorough analysis, but it has enlarged the material to be analyzed. This extension of the field from which we draw our facts so as to embrace the earliest phenomena of industrial and commercial life is significant, in that it tends to abolish the partition wall that has been set up between primitive and later society, and also to cut away the foundation of those pretended sciences which have found a reason for their existence in an assumed separateness of very early from later social phenomena. There are few, if any, conspicuous forces in early society which do not appear later. Modern society is early society plus somewhat. If instinctive social features were prominent under earlier conditions, they still survive, even though they appear now relatively less prominent because of the strong development of intelligent action. If early society appears to be separated from modern society by a distinct line of demarcation, it is largely due to the fact that on account of the vagueness of our information the analysis which we make of the social life of purely historic times is not carried back to the earlier stages of civilization. If this were done, our study of early society would not result in bringing into a single treatise a jumble of unclassified topics, but in making the economical, the political, and the ethical relations stand out distinctly as parts of the corresponding groups which our analysis of modern society reveals. It is one of the tendencies of modern economic thought, as it is one of the tendencies of political thought, to push its analysis back as far as possible towards the beginning of social life.

There is a certain parallel between the movement under which the historical school of economics was developed and the first phase of the reaction from the method of Bentham and Austin in politics. These writers analyzed with remarkable skill the political phenomena of contem-

porary society; but their conclusions, like some of the conclusions of Ricardo and Mill in the field of economics, were inadequate and unsatisfactory because the historical range of their data was not sufficiently extensive. Sir Henry Maine did for political theory, to a certain extent, what the historical school did for economic theory. He proposed to correct the analysis of Bentham and Austin by bringing into view historical tendencies and data drawn from all stages of social life. But neither Maine in politics nor the writers of the historical school in economics reached satisfactory conclusions. They prepared the way by providing a broader basis for induction and observation. The modern drift in economic thought is not to lay aside analysis, and substitute historical statements for economic laws, but to bring analysis and generalization to bear on the extended data furnished and enlightened by history.

The attempt to define the province of economics gives as a general result a group of phenomena limited in kind to the affairs of industry and commerce, but extended as to time so as to embrace the earliest as well as the latest facts belonging to this category.

One of the most striking and promising tendencies of recent economic progress is that which proceeds from the effort to make of general application certain rules and doctrines that were formerly considered to be of merely specific application. This tendency is shown in later economic thought in many ways. It is observed in the disposition to bring under some common view all forms of property. Earlier in the history of economic discussion land was regarded as an exceptional form. It was affirmed to be different from other kinds of property, because it was limited in amount and because this amount could not be increased or diminished. In this an attempt was made to cause a geographical conception to serve as a factor in economic reasoning. There is no doubt, in view-

ing the matter from the standpoint of physical geography, that the amount of land on the earth is limited. It cannot evidently be greater than the total surface of the earth minus the amount of the surface that is permanently covered with water. But this conception has properly no place in economic reasoning. The fact with which economists are concerned is that, like all other commodities, land under certain circumstances is made to enter the economic sphere, and, without having previously held this character, becomes (as if now created) an economic good. The amount of land which at any given time has passed into this sphere, and has become like other economic goods actually exchangeable, is only a portion of that which with the advance of civilization may be brought within the domain of economics. When an organized people moves upon an unoccupied region, as did the Norwegians when they went to Iceland in the ninth century, vast tracts of land for the first time assume an economic quality. The same thing happens when parts of the sea are pumped out, and the exposed surface brought into the market as land. The same kind of effort that brings land into the sphere of economics brings also iron, silver, and other metals into the same relations. If land lies under a geographical limitation as to amount, all other commodities which have not the power of reproducing their kind are subject to a similar physical limitation. But in all these cases the physical limit is not the effective economic limit, and there is no necessary relation between the two.

Proceeding from these suggestions, a disposition is observed on the part of certain radicals to obliterate all artificial distinctions that have been erected between land and other forms of property. In their view it is capital, as a steam-engine is capital. It is a material commodity which enables the holder to take advantage of that gratuitously acting force of nature which makes plants grow, just as the steam-engine is a material commodity

which enables the holder to take advantage of a gratuitously acting force of nature represented in the expansiveness of steam. In either case the possession of the material commodity enables one to command, without compensation, a force of nature ; and, because these forces work gratuitously, it does not appear necessary to take account of them in the ordinary discussions of economics, except as presupposed in the use of the material objects in question. They are not bought or sold, neither do they work for hire. The force of gravity, operating through certain combinations of material objects, may drive the wheels of our mill ; but we do not set apart a portion of the gross proceeds to liquidate the claims of gravity. These forces are free to any one who will establish in his control the conditions necessary to their operation.

The forces of nature, chiefly those which we observe in connection with land, have been recognized by economists as factors of production ; yet it is clear, as they have no part in the results of production, that they have no economic quality which entitles them to be placed by the side of labor and capital, the two economic sharers of the gross product. They are presupposed in the use of certain material commodities, and are not to be estimated economically apart from such commodities ; hence they are not to be treated as separate agents, but merely as qualities of certain tangible economic objects.

By thus separating in thought the force of nature from the instrument through which it works, we may observe in recent economics a tendency to abolish all that is exceptional, to set aside specific rules, and to bring all forms of property under general laws. The existence of this tendency may be illustrated and confirmed by the extending application which some of the later economists are giving to the theory of rent. This theory, invented to apply to land and to furnish a measure of different

degrees of productiveness, was in the beginning a specific rule of limited application. Under recent discussion there is manifest a disposition to make it apply more generally. It may be made to apply not only to land, but also to other productive agents. It may be made to apply to ordinary forms of capital, as when different machines designed to do the same kind of work produce very unequal results. Some parts of the products of the better machines are like Ricardian rent. It may be made to apply to a form of labor, as when several men undertake the management of similar enterprises, and in carrying out their designs control equal material equipments. So long as they are unequal in mental and moral endowments, in skill and foresight, the net results of their undertakings will be unequal, and some parts of the larger profits may be compared to Ricardian rents. Changes along this line, from specific rule to general law, indicate a movement in economics towards a more perfect scientific form.

Scarcely less important than the movements already mentioned is that tendency which is leading us to clearer and truer appreciation of the relation between the scientific laws of economics and their practical application. In this course of progress we distinguish three stages. At first a large part of the discussion under the head of political economy was directed to practical ends. The purpose of political economy as set forth by Adam Smith may be taken as fairly characteristic of the utterances of the early writers. "Political economy," he says, "proposes two distinct objects: first, to provide a plentiful revenue or subsistence for the people, or, more properly, to enable them to provide such a revenue or subsistence for themselves; and, secondly, to supply the state or commonwealth with a revenue sufficient for the public services." In this only a practical purpose is recognized. There is no intimation here that the economists should seek to for-

ulate scientific laws. If, in some parts, Adam Smith's book seems to pass beyond the avowed purpose of the author, it is largely because in describing certain typical cases he appears to be stating general laws. It remains true, nevertheless, that the paramount aim of the early writers was practical, and not scientific.

The second stage in this course of progress was to recognize the distinction between art and science, and apply it to the affairs of economics. This led economists to affirm that there is a science of political economy and an art of political economy. The conception here involved represented a definite advance beyond the previous view, but its imperfection was revealed by attempts to develop an isolated and independent art of economics.

The third stage is reached through an attempt, in applying economic principles, to conform to evident facts. It is clearly seen that economic laws are always applied subject to political authority. It may be shown that to carry out certain economic principles would produce for the community or nation the maximum economic gains. At the same time it may still be seen that the state may possibly find it expedient to thwart this action, and limit the economic gains for the sake of a better distribution of wealth or in order that some higher purpose may be achieved. It will also be clear that the application of either economical or political rules will be made subject to the guidance or limitation of ethical principles. Whence it appears that there is no isolated or distinct art of economics, but that economics, politics, and ethics, on their practical side, are necessarily merged into a common art, which, in want of a better designation, I have called the art of social control. If in the art which has as its end the control of society we apply the principles of several sciences, we are only following the method of other complicated arts. The earlier thought, that there

was an art of political economy, and the disposition of certain economists to make it stand for what the art of social control now signifies, have done much to cast doubt on the wisdom of economic teaching when applied to practice. These economists have taken strictly economic principles, and inferred from them alone the propriety of a line of conduct, without appreciating the fact that this line of conduct, before being definitely accepted as a rule for social control and guidance, should be modified and corrected by the principles of the other social sciences. They have vigorously affirmed the advisability of freedom in international trade, because their special science has indicated that under freedom the maximum gains of trade may be realized. With our present view of the relation of practical economics to politics and ethics, we might accept the truth of the economic conclusion, and still find it not advisable to adopt a practical policy of freedom, because of the corrective which political considerations furnish. Our rule of social conduct, whether in national or local affairs, is not identical with the indications of economics, but is, in some sense, the resultant of the principles of all of the social sciences.

The fact that political economy in the first stage of its development was largely practical, and embraced topics now discussed under politics, made it inevitable that it should share in the fluctuations of policy and be more or less modified by the social bias of the time. As the reasoning of economists was in large part deductive, they found it necessary to presume some form of social life that might serve as the medium in which to observe the play of economic forces. Under the influence of the individualism which was dominant in England, an individualistic society became the form with reference to which all calculations were made: it presented the economic conditions in which the "economic man" moved. But, inasmuch as no society is strictly individualistic, the *a priori* conclusions thus

reached needed in all cases, in order that they might be true in reality, to be corrected for the extent of the departure of the given society from the individualistic ideal. The *a priori* conclusion was not primarily supposed to correspond strictly to any reality; but it was held that, having deduced the law which applied in the ideal condition, it would not be difficult to make the correction that would bring it into harmony with any given real condition. With respect to this plan two things became evident: first, that to make the required correction of the *a priori* conclusion was as difficult as to make an original induction from the real phenomena in question; second, that on account of this difficulty the uncorrected *a priori* conclusions were usually regarded, by those who looked to the writings of the economists for enlightenment, as the doctrines of economics concerning real society. In order to avoid the liability of having these unreal conclusions received as the sum of what economic science teaches concerning the facts of trade and industry, economists in recent years have turned to the facts themselves, with the view to draw directly from them conclusions that need no corrections to bring them into harmony with real life. This rejection of the use of ideal society and ideal conclusions illustrates one of the marked tendencies of later economic thought. It is possible that under this tendency some of the conclusions reached may lack the definiteness which it is easy to give to *a priori* conclusions; yet there is a certain compensation in the fact that, in so far as they give general knowledge, it concerns actual life, and thus may be used as a guide in the conduct of social affairs.

In the tendency to emphasize actual conditions, modern economic science seeks to view impartially and objectively economic relations in whatever form of society existing. It advocates neither individualism nor socialism, but considers the commercial and industrial relations of both without preference. The earlier economists, by dealing

with individualistic society as an ideal, necessarily created, in so far as their influence extended, a prejudice in favor of that form. Whatever may be the personal preferences of later writers, the science itself has no ideal form of society. It is noteworthy that, in adhering to the strictly deductive method, almost no progress was made in the discussion of certain questions in a period of more than two thousand years. The discussion of socialism made almost no advance between Plato and Karl Marx. Under recent methods a new and more fruitful process of approaching the subject appears. By considering the phases of social life in which the socialistic organization and socialistic activity are realized, a knowledge of actual socialism is obtained, which under more complete socialistic development would not be greatly modified; but this knowledge renders it possible for us to determine the nature and tendency of socialism in the immediate future. In this way the careful scrutiny which recent economics bestows on actual conditions is of very great importance, in that it makes prediction possible as to conditions immediately following the time of the prediction. In a word, it makes it possible, within very narrow limits, and for a short period in advance, to predict general results. For longer periods in social affairs prediction is impossible, not merely on account of the fluctuations of the will, but also on account of the rapid changes in environment under the influence of human effort.

The rapid changes in environment and the increasing complexity of society are not without power to modify the movement of economic thought. As we depart from the simplicity of early life, it becomes more and more difficult to comprehend all the economic elements in their proper relation to one another. Hence it becomes an undertaking of increasing difficulty for the individual worker to secure the most favorable place in the economic scheme; and, partly because of this difficulty, an increas-

ing number of the members of an advancing society fall into the position of dependents, carrying out projects initiated by others. It requires no special shrewdness or foresight to place one's self advantageously in the simple economical system of an agricultural community. But the task is far more difficult in the complex relations of a more advanced society, and consequently the majority of those engaged in economical affairs under these conditions take part in these affairs as dependents; while the undertakings which they help to carry on are conceived and directed by members of a small minority.

These facts are sufficient to indicate that increasing importance must be assigned to special intelligence and special training by the economists who would explain the conditions and forces of production in modern social life. Not only are the conditions such that it is becoming more and more difficult for one to fit himself into the complicated mechanism of the modern industrial and commercial system, but, on account of the interdependence of the parts of this system, any one who seizes it at the vital point is able through it to exert a more far-reaching power than was ever before possible for a person in a private capacity.

From this point of view it is easy to see the absurdity of the pretension that labor, in the sense of manual effort, is entitled to the wealth-increase on the ground that it has produced it. Under existing conditions the opposite pretension is less unreasonable; namely, that the mind which conceives and directs is entitled to the product, because without its inventions, its projects, and the organization of its commercial and industrial campaigns, modern society would not be possible, and the hands that now labor for a part of the product would be digging roots and gathering acorns for daily sustenance. In a community where the tide of sentiment sets strongly against inequality of every sort, the mind that plans,

organizes, and commands fulfilment, may drift temporarily under a cloud of popular disfavor. But in spite of this, if the community advances to participation in the larger economic interests of civilized nations, by the very necessities of the case inequality will persist; and intellectual force, sagacity, and commercial insight will continue to be the most powerful factors in increasing the public and private wealth of the community. And these factors, as well as the fertile soil and rich mines, must be embraced in the economist's calculation. Moreover, inasmuch as with the growth of society they become more and more important, the bearers of these qualities are destined to occupy a place of growing prominence in economic science. This will be the case especially if the science tends to preserve in its discussions the proportion of parts which obtains in the material of the subject itself. Some indication of the tendency of economists to consider this subject from a point of view hitherto not usually taken is seen in the application of the doctrine of rent to the earnings of those who undertake important enterprises,—a doctrine which is applicable to all forms of labor where the differences of rewards are due to differences of natural or acquired abilities.

In spite of the advance that has been made towards a proper appreciation of labor during the last three decades, it is still in this department that we look for modern political economy to make important achievements. Hitherto the labor question has been difficult, because we have not been able to separate the economic facts concerning it from the political facts. In order that our reasoning on the subjects of wages, strikes, unions of skilled laborers, and the possibility of effective unions of unskilled laborers, may have any scientific value, a certain definite political condition must be presumed. It must be presumed that the government at any cost will do that which it was established to do; namely, maintain order. If some labor-

ers wish to cease working, whenever their contracts permit them to do it, and others wish to take their places, the doctrine of human liberty, for which all enlightened nations stand, requires that both of these actions shall be permitted, and that all parties concerned in them shall be absolutely free from any interference or hindrance. When laborers go out on a strike, and other laborers are willing to take their places, the latter in being willing to take these places give sufficient evidence that their conditions would thereby be improved; and the fact that the laborers abandon their work is all the evidence needed that they prefer the state into which they go, through the strike, to the state of employment which they leave. In these cases it is the high duty of the government to see to it that both parties are permitted to pursue what they conceive to be their courses of advantage without hindrance. The fact that in some cases, where the strikers are numerous, the task is difficult, is not an excuse which a government can offer for non-fulfilment of duty. Government is instituted for difficult cases. If the police force is inadequate, the army may be called in; if the army is inadequate, it may be increased to any requisite amount by calling into service all citizens concerned in the preservation of public order. If, finally, the government fails in its task of maintaining order, it fails to attain the fundamental object of its existence, and should be acknowledged as bankrupt in power, and be made to yield to some more effective instrument of sovereign authority. Until the presupposition of order is realized, it is impossible to make any scientific account of the purely economic forces involved in the labor question. For rendering a scientific account of the phenomena of labor, the affairs of society must be in such a state that, if laborers refuse to take up work which other laborers have abandoned, the refusal must be based on economic considerations, and not on the fear of mob violence, as is

at present the case in both England and America. At present the strength of the economic motive cannot be known, because the deterring influence of the fear of violence cannot be estimated with certainty ; and, consequently, our inductions from facts concerning labor are of questionable value. They are of questionable value, because these facts are not purely economic facts. The tendency to separate the economic from the political phenomena meets obstacles at this point, because the government, by its apparent inability to preserve order, fails to make this differentiation real ; and the further progress of economics in this direction waits on the practical infirmities of the political organization.

BERNARD MOSES.